

# THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED

(Incorporated in Singapore)  
(Company Registration No. 190800011G)

## CORPORATE GOVERNANCE REPORT FY2012

The Board of Directors and Management of The Great Eastern Life Assurance Company Limited (“Great Eastern Life” or the “Company”) place great importance on high standards of corporate conduct and are committed to promoting and maintaining values which emphasize integrity, honesty and proper conduct at all times in the business operations and dealings of the Company and its subsidiaries (collectively, the “Group”).

The Company adopts corporate governance practices which are in conformity with the Insurance (Corporate Governance) Regulations 2005 (“ICGR”), as amended by the Insurance (Corporate Governance) Regulations 2010 and the Guidelines on Corporate Governance (the “Guidelines”) for Banks, Financial Holding Companies and Direct Insurers which are incorporated in Singapore (“Financial Institutions”) issued in September 2005 by The Monetary Authority of Singapore (the “Authority”), as revised in 2010. The Guidelines comprise the Code of Corporate Governance 2005 (the “Code”) for companies listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) and supplementary principles and guidelines added by the Authority to take into account the unique characteristics of the business of the Financial Institutions.

The Company is a wholly-owned subsidiary of Great Eastern Holdings Limited (“GEH”). As GEH, being listed on SGX-ST, adopts corporate governance practices which are in conformity with the Code and is a regulated Financial Holding Company, the Company’s corporate governance practices are also aligned with the practices of its holding company, GEH.

## THE BOARD’S CONDUCT OF AFFAIRS

### Board responsibilities and accountability

The Company’s Board provides strategic direction to the Company and its principal role and functions include the following:

- (a) reviewing and approving the overall business strategy developed and recommended by Management;
- (b) ensuring that decisions and investments are consistent with the long-term strategic goals;
- (c) ensuring that obligations to shareholders and others are understood and met;
- (d) ensuring that the necessary resources are in place for the Company to meet its objectives;
- (e) ensuring that the Company is operated so as to preserve its financial integrity and in accordance with policies approved by the Board;
- (f) reviewing any transaction for the acquisition or disposal of assets that is material to the Company;
- (g) providing oversight in ensuring that the Company’s risk appetite and activities are consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards;
- (h) overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls;
- (i) overseeing, through the Risk and Investment Committee, the establishment and operation of an independent risk management system, the adequacy of the risk

- management function and the quality of the risk management processes and systems;
- (j) overseeing the succession planning for key senior executive positions within the Company and responsibility for the selection and appointment of the CEO, including the review of the appointment and removal of any executive officer as deemed necessary;
  - (k) ensuring that Management formulates policies and processes to promote fair practices and high standards of conduct by staff;
  - (l) establishing corporate values and standards, emphasizing integrity, honesty and proper conduct at all times with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest;
  - (m) providing a balanced and understandable assessment of the Company's performance, position and prospects, including reports to regulators;
  - (n) overseeing the design and operation of an appropriate remuneration framework of the directors and executive officers, taking into account applicable remuneration principles, practices and standards that may be specified by the Authority from time to time;
  - (o) monitoring management performance; and
  - (p) maintaining records of all meetings of the Board and Board Committees, in particular, records of discussions on key deliberations and decisions taken.

### **Board Committees**

The Board has established an Audit Committee, a Risk and Investment Committee and an Investment Advisory Committee ("Board Committees") to assist it in carrying out more effectively its oversight of the operations and business affairs of the Company. These Board Committees have been constituted with clear Board-approved written terms of reference.

The Company's Board Committees in carrying out their responsibilities in accordance with their respective terms of reference are also actively engaged in assisting the Board to ensure compliance with good corporate governance practices by the Company. Details of the roles and principal responsibilities of the Board Committees are set out in the relevant sections on the respective Board Committees in this Report. Minutes of all Board Committee meetings, which provide a fair and accurate record of the discussions and the key deliberations and decisions taken during the meetings, are maintained.

### **Meetings and Directors' attendance**

The Board meets regularly during the year, to review the business performance and key activities of the Company presented by Management, and to consider business proposals of a significant nature. Decisions are taken objectively in the interests of the Company. The Board works with Management to achieve this and the Management remains accountable to the Board. Where warranted by particular circumstances, ad hoc Board or Board Committee meetings will be convened. In 2012, the Board held nine scheduled Board meetings and one ad hoc Board meeting. Meetings of the Board and Board Committees via telephone or video conference are permitted.

The number of meetings of the Board and Board Committees held in 2012 and the attendance of the Directors at those meetings are tabulated below.

## Directors' attendance at Board and Board Committee meetings in 2012

Name of Director	Board No. of Meetings			Audit Committee (AC) No. of Meetings		Risk and Investment Committee (RIC) No. of Meetings		Investment Advisory Committee (IAC) No. of Meetings	
	Scheduled*		Ad hoc	Scheduled		Scheduled		Scheduled	
	Held	Attended	Attended	Held	Attended	Held	Attended	Held	Attended
Fang Ai Lian	9	9	1	-	-	6	6	-	4 <sup>(2)</sup>
Christopher Wei	9	9	1	-	-	6	6	4	4
Gerard Ee Hock Kim	9	8	1	4	4	-	-	-	-
Koh Poh Tiong	9	9	1	4	4	-	-	-	-
Tan Yam Pin	9	9	0	4	4	-	-	-	-
Quah Wee Ghee <sup>(1)</sup>	7	7	-	-	-	5	5	4	4

### Notes:

<sup>(1)</sup> Appointed as Director and as Member of RIC with effect from 1 March 2012 and as Chairman of IAC with effect from 2 May 2012.

<sup>(2)</sup> By invitation.

Directors' attendance at two Board sessions without Management is not included in the above table.

The number of meetings indicated in "Held" above reflects the number of meetings held during the time the respective Directors held office.

\* Including Board Retreat on 13 September 2012.

Total number of ad hoc meetings held in 2012 – Board: 1

The Company has adopted internal guidelines on matters which require Board approval. Matters requiring Board's approval include overall business strategy and direction, significant policies governing the operations of the Company, strategic or significant acquisitions, investments and divestments by the Company, corporate restructuring, major corporate initiatives and other Company activities of a significant nature, dividend policy and dividend declaration and financial statements of the Company.

### Appointment of New Directors

Newly-appointed Directors will be apprised of their statutory duties and obligations and issued a Director's orientation kit which will include key information on the Company and terms of reference of the Board and Board Committees. A formal letter of appointment will be issued to each new Director setting out the scope of his duties and obligations as well as the time commitment expected of him. As part of the induction program for new Directors, Management will brief new Directors on the Company's principal activities, in particular, the insurance business and the induction program will be tailored to the specific development needs of the new Director. The Company constantly reviews and improves on the contents of such briefings to new Directors to take into account any new legislative changes which affect the Directors and to enable them to have a more comprehensive understanding of the Company, the insurance business and practices and relevant regulatory requirements and the financial statements of an insurance company.

### Board Development

The Directors are continually updated on developments affecting the insurance industry. From time to time, the Company organises talks, seminars or presentations by external professionals, consultants or Management on topics relevant to the insurance industry and provides updates on developments in the industry locally and in other developed countries. A reference library containing publications and materials relating to the insurance industry and other relevant publications has been set up for

Directors and industry-related or topical articles are regularly circulated to Directors as part of the Company's continuing development program for Directors. Continued training and development programs for Directors are more flexible and Directors may attend appropriate courses, conferences and seminars conducted by professional bodies within the industry or other external professional organisations. The Company funds the development and training programmes that it arranges for existing and new Directors.

## **BOARD COMPOSITION AND GUIDANCE**

### **Board Composition**

The Company's present Board of six Directors comprises a non-executive Chairman, Mrs Fang Ai Lian, four other non-executive Directors and executive Director and Group Chief Executive Officer ("Group CEO"), Mr Christopher Wei. The four other non-executive Directors are Mr Gerard Ee Hock Kim, Mr Koh Poh Tiong, Mr Quah Wee Ghee, who joined the Board on 1 March 2012, and Mr Tan Yam Pin.

### **Board independence**

The Company is a "significant insurer" under the ICGR. Such a significant insurer means any direct life insurer which (a) is incorporated in Singapore and (b) has total assets of at least \$5 billion or its equivalent in any foreign currency in its Singapore Insurance Fund and Offshore Insurance Fund (as defined in the ICGR).

The Company defines the independence of its Directors in accordance with the ICGR, where an independent director in relation to a significant insurer means a director who is independent from management and business relationships with the significant insurer, independent from substantial shareholders of the significant insurer and has not served for more than nine years on the board of the significant insurer.

The Board of Directors determines annually whether a Director is independent. Taking into consideration the definition of "independent Director" set out in the ICGR, the Board of Directors has determined that the Company's independent Directors are: Mr Gerard Ee Hock Kim and Mr Koh Poh Tiong.

Mrs Fang Ai Lian and Mr Tan Yam Pin sit on the board of GEH. In addition, Mr Quah Wee Ghee and Mrs Fang Ai Lian also sit on the board of Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), the holding company of GEH. Accordingly, Mrs Fang Ai Lian, Mr Tan Yam Pin and Mr Quah Wee Ghee are not independent from substantial shareholders but are independent from management and business relationships with the Company and its subsidiaries. Mr Christopher Wei is the executive Director and Group CEO of the Company and GEH and is a non-independent Director.

The current Board complies with the requirements on board composition and board independence under the ICGR as independent Directors comprise one-third of the Board and a majority of Directors are independent from management and business relationships with the Company.

The Board is of the view that the current board size facilitates effective decision making, taking into account the scope and nature of the operations of the Company.

The Board members of the Company are from diverse backgrounds and qualifications, and bring a wide range of commercial and financial experience to the Board. Collectively, they provide the necessary business acumen, knowledge, capabilities and core competencies to the Company, including industry knowledge in insurance (including key products, customers) and actuarial science, investment and asset

management (including real estate and property), knowledge in banking, accounting, finance, strategy formulation, management experience and risk management. The diversity of experience and competencies of the Directors enhance the effectiveness of the Board in discharging its responsibilities.

With the knowledge, objectivity and balance contributed by the non-executive Directors, they constructively challenge and help develop proposals on strategy and review the performance of Management against agreed goals and objectives and monitor the reporting of performance.

The non-executive Directors met twice during the year without the presence of Management to discuss matters such as the performance and effectiveness of Management.

### **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

The roles of the Chairman, Mrs Fang Ai Lian, and the Group CEO, Mr Christopher Wei, are distinct and separate, with a clear division of responsibilities between them to ensure an appropriate balance of power, increased accountability and greater independence in decision making. The Company has Board-approved internal guidelines setting out the scope of authority of the Chairman and the Group CEO. The Chairman and the Group CEO are not related to each other.

The principal responsibilities of the Chairman include leading the Board to ensure its effectiveness on various aspects of the Board's role, approving the meeting agenda of the Board, monitoring the quality and timeliness of the flow of information from Management to the Board and promoting effective communication with shareholders. The Chairman also facilitates robust discussions and deliberations in Board meetings, encourages constructive relations between executive and non-executive Directors and between the Board and Management and promotes high standards of corporate governance with the full support of the other Directors, the Company Secretary and Management.

The Group CEO manages the Company and oversees the Company's operations and implementation of the Company's strategies, plans and policies to achieve planned corporate performance and financial goals. His management of the Company's businesses, including implementing the Board's decisions, is carried out with the assistance of the senior management executives of the Company. Collectively, they are responsible for the day-to-day operations and administration of the Company, ensuring, *inter alia*, operational and organisational efficiency, profitable performance of the operating units, regulatory compliance, good corporate governance and effective risk management.

The Board has not appointed a Lead Independent Director because the Chairman and Group CEO are already separate persons, are not related to each other and are not both part of the same executive management team. The Chairman, a non-executive director, performs an effective check and balance on Management. As part of its continuous assessment of corporate governance standards, the Board will appoint one when the board situation warrants it.

### **BOARD MEMBERSHIP**

The Company does not have a Nominating Committee. The Company's present Board takes on the functions of the Nominating Committee.

The Board is responsible for identifying candidates, reviewing and approving

nominations or re-nominations of Directors on the Board and Board Committees. It also reviews nominations and approves appointments for key senior positions in the Company.

#### **Process for appointment of new Directors**

Having regard to the competencies and skills required at the Board, the Board establishes annually the profile required of the Board members, before making any recommendations on the appointment of new Directors, where necessary. The Board may engage external search consultants to source for potential candidates. Proposals for the appointment of new Directors are reviewed by the Board. Candidates are assessed on their suitability and commitment and the assessment process takes into account criteria such as their professional qualifications, integrity, financial and commercial business experience and field of expertise relevant to the Company, potential to contribute to the effectiveness of the Board and to complement the skills, knowledge and expertise of the Board.

In addition, the Board further determines the proposed candidate's independence under the ICGR and ensures that the proposed candidate would satisfy the criteria under the ICGR in that his/her appointment would not result in non-compliance with any of the composition requirements for the Board and Board Committees, and that he/she is a fit and proper person for the office, taking into account his/her track record, age, experience, capabilities, skills and other relevant factors as may be determined by the Board. All Board appointments are subject to the prior written approval of the Authority.

#### **Re-nomination of Directors**

All Directors of the Board are required to submit themselves for re-nomination and re-election at regular intervals, at least once every three years. At each annual general meeting ("AGM") of the Company, one-third of the Directors, being those who have served longest in office since their last re-election, are required to retire by rotation in accordance with the Company's Articles of Association. Such retiring Directors are eligible for re-election when re-nominated by the Board, taking into account the Directors' attendance at meetings, their expertise, knowledge and commitment, and their contributions to Board discussions and to the effectiveness of the Board.

Directors are expected to set aside adequate time for their oversight of matters relating to the Company. The Company has established guidelines on meeting attendance and the appointments outside the Company. Generally, a Director who has full-time employment in any organisation shall have appointments in no more than three other listed companies, while a Director who does not have any full time employment, shall have appointments in no more than six other listed companies. The Board annually assesses each Director's attendance record, degree of participation and preparedness at meetings.

#### **Key information on Directors**

The key information regarding the Company's present Directors and details of their membership in the various Board Committees are disclosed in this Report. Directors' interests in shares and share options in the Company's ultimate parent company, OCBC Bank and other related corporations are disclosed in the Company's Directors' Report that accompanied the Company's financial statements for the year ended 31 December 2012. The Company does not grant share options to non-executive Directors of the Company. The Directors do not hold shares in the Company or the Company's subsidiaries.

## **BOARD PERFORMANCE**

The Board has implemented formal processes for assessing the effectiveness of the Board, the Board Committees, and the contribution by each individual Director to the effectiveness of the Board. Such processes are similar to those of the Company's holding company, GEH. The Board (taking on the responsibilities of the Nominating Committee) oversees the annual assessment process, which consists principally of evaluation by and feedback from each Director. Each Director evaluates the performance of the Board and Board Committees and conducts a self-assessment and a peer-assessment of the other members of the Board. Such assessments are made against established performance criteria consistent with those approved by the Board and used in the previous year. Aon Hewitt Singapore Pte Ltd is engaged to facilitate the process, provide industry benchmarks and maintain confidentiality of results.

The Board has found that such individual assessments by the Directors are useful and constructive since the implementation of such evaluation process several years ago. This collective process has also provided an opportunity to obtain insightful feedback from each Director on suggestions to enhance the effectiveness of the Board and has helped Directors to be more focused on their duties, responsibilities and contributions to the effectiveness of the Board.

## **ACCESS TO INFORMATION**

The Board members are provided with relevant and timely information by Management on matters to be discussed or considered at meetings of the Board and Board Committees. In respect of matters for approval, information furnished by Management usually includes background explanatory information, relevant facts and/or analysis to support the proposal, implications or merits of the case, risk analysis and mitigation strategies, the budget if applicable and Management's recommendation. The senior management executives who can provide additional information and insight or provide clarifications to queries raised are usually present at the meeting during discussion on such matters. Occasionally, external consultants engaged on specific projects may also be invited to brief the Board. All Board and Board Committee members have unfettered access to information which the Company is in possession of or has access to, for the purpose of carrying out their responsibilities.

Information furnished to the Board on an on-going basis includes the monthly financials and the quarterly reports prepared on a GEH Group basis which includes the financial performance of the Company, with explanations of material variances between actual results and the business plan/budget. Management also provides the Board with information on potentially material risks facing the business including credit, market, liquidity and operational risks.

Directors have separate and independent access to the Company Secretary and to senior management executives of the Company at all times.

The Company Secretary attends all Board meetings and prepares minutes of Board proceedings. She assists the Chairman to ensure that appropriate Board procedures are followed and that applicable regulations are complied with. Under the direction of the Chairman, she ensures good information flows within the Board and Board Committees and between senior management and non-executive Directors. The Company Secretary also facilitates the orientation of new Directors and professional development of Directors as required. The appointment and removal of the Company Secretary is considered to be a matter for the Board as a whole.

The Directors may take independent professional advice as and when necessary to

enable them to discharge their duties effectively; at the expense of the Company or the Group, as applicable. Similarly, the Board and each Board Committee may obtain the professional advice that it requires to assist in its work.

## **PROCEDURES FOR DEVELOPING REMUNERATION POLICIES, LEVEL AND MIX OF REMUNERATION AND DISCLOSURE ON REMUNERATION**

The Company does not have a Remuneration Committee. The Company's present Board takes on the functions of the Remuneration Committee.

Such functions include:

- (1) approving a fee-structure for Directors' fees, as well as the framework of remuneration of the executive Director, Singapore CEO and the senior management executives reporting directly to the Singapore CEO. Such framework covers all aspects of remuneration including salaries, allowances, bonuses, share options and other incentives and benefits;
- (2) approving the remuneration package for the Singapore CEO; and
- (3) ensuring that the Company's remuneration policies and practices are aligned with the approved framework and the remuneration packages are appropriate to attract, retain and motivate the Singapore CEO and senior management executives without being excessive.

In approving remuneration, the Board ensures that the remuneration policies are in line with the Company's strategic objectives and corporate values, and do not give rise to conflicts between the objectives of the Company and the interests of the executive officers and executive Directors.

The Board members are knowledgeable in the field of executive compensation and also have access to expert advice from external independent compensation consultants, where necessary. The Board will ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

### **Remuneration of non-executive Directors**

The non-executive Directors are paid Directors' fees, which take into account factors such as the Directors' contributions, effort and time spent, attendance at meetings and the frequency of meetings, the respective responsibilities of the Directors including the Board Committees on which they serve, market practices and the need to pay competitive fees to attract, retain and motivate Directors. No Director is involved in deciding his own remuneration.

The Board performs an annual review of the fee structure for Directors' fees and of the computation of the aggregate Directors' fees based on the earlier Board-approved fee structure. The Directors' fees proposed by the Board each year are subject to shareholder's approval at the Company's AGM.

The Board has considered the market practices for non-executive director compensation and decided to continue adopting the following fee structure for computing the fee for each non-executive Director for the financial year ended 31 December 2012 ("FY2012").

#### Board

- Annual fee for Chairman: \$120,000
- Annual fee for other member: \$60,000

#### Board Committees

- Annual fee for Chairperson: \$45,000 for Audit Committee; \$45,000 for Risk and Investment Committee and Investment and Advisory Committee;
- Annual fee for other Committee Member: \$22,500 for Audit Committee, Risk and Investment Committee and Investment and Advisory Committee.

Attendance fee: \$3,000 per Board or Board Committee meeting. The attendance fee is paid to non-executive Directors to recognise their commitment and time spent in attending meetings.

#### **Remuneration policy in respect of Executive Director and key senior management executives**

The objective of the remuneration policy is to attract, motivate, reward and retain quality personnel.

The Group CEO, being an executive Director of the Company, is not paid a Director's fee, but receives a remuneration package comprising a basic component and a variable performance-related component. The remuneration of the Singapore CEO and the key senior management executives are reviewed annually by the Board, based on the overall remuneration framework approved by the Board.

In its annual reviews, the Board takes into consideration factors such as market competitiveness and market benchmark, and that the remuneration is commensurate with individual performance and contribution. The Company has no obligations arising in the event of termination of the contracts of service for the executive Directors and key management personnel. No retirement and post-employment benefits are payable for the executive Directors and the key management personnel. The Board also takes into account the time horizon of risks, such as ensuring that variable compensation payments shall not be finalized over short periods when risks are realized over long periods.

The basic component of the remuneration package comprises a monthly basic salary. The variable components have been designed to link rewards to corporate and individual performance, based on appropriate and meaningful performance measures set up by the Company and approved by the Board. Such components comprise the performance-based variable bonus and the long term incentives, which are generally paid/awarded once a year.

In awarding long term incentives including the grant of share options to senior executives, the Board also takes into account such senior executives' potential for future development and contribution to the Company.

The annual budget for salary increment, performance-related variable bonus and long term incentives, proposed by Management are submitted to the Board and approved by the Board.

As a consequence of the financial crisis in the recent years, financial institutions globally have been reviewing compensation practices to reduce incentives that encourage excessive risk taking. While the Company has compensation practices that take into account the principles and implementation standards issued by the Financial Stability Forum for Sound Compensation Practices, it continues to review its compensation practices to further ensure that decisions made are conducive to

sustained business performance. In its deliberations, the Board also takes into account the remuneration principles, practices and standards that may be specified by the Authority from time to time.

### Disclosure on Directors' remuneration

The total Directors' remuneration in respect of FY2012 is disclosed in the table below. Non-executive Directors will be paid Directors' fees totalling \$770,750 in respect of FY2012, subject to approval at the Company's AGM on 17 April 2013. In FY2011, non executive Directors were paid Directors' fees totalling \$741,625.

The table below shows the remuneration of non-executive Directors and the executive Director of the Company for FY2012.

Name of Director	Total Remuneration \$'000	Salary & Fees \$'000	Bonuses <sup>(1)</sup> \$'000	Long term incentives <sup>(2)</sup> \$'000	Benefits-in-kind <sup>(3)</sup> \$'000
<b>Non-executive Directors</b>					
Fang Ai Lian	225	225	-	-	
Gerard Ee Hock Kim	147	147	-	-	
Koh Poh Tiong	127.5	127.5	-	-	
Quah Wee Ghee <sup>(4)</sup>	149.8	149.8	-	-	
Tan Yam Pin	121.5	121.5	-	-	
<b>Executive Director</b>					
Christopher Wei <sup>(5)</sup>	4,101	1,100	1,322	1,355	324

#### Notes

- (1) Represents sign-on bonus, long term incentive take-out and bonus take-out.
- (2) Represents fair value of grant of share options under OCBC Scheme and award of deferred shares under OCBC Deferred Share Plan.
- (3) Represents non-cash component and comprises housing, car and club benefits.
- (4) Appointed as Director with effect from 1 March 2012.
- (5) Mr Wei's remuneration is shown on a group-wide basis.

After careful consideration, the Company has decided not to disclose information on the names and remuneration of the top five key management executives as the disadvantages to the Company's business interests would far outweigh the benefits of such disclosure, in view of the disparities in remuneration in the industry and the competitive pressures that are likely to result from such disclosure.

None of the Directors had immediate family members who were employees of the Company and whose personal annual remuneration exceeded \$50,000 in 2012.

### Share option scheme

The Company does not have a share option scheme. Instead, the Company's ultimate parent company, OCBC Bank, grants share options pursuant to the OCBC Share Option Scheme 2001 (the "OCBC Scheme") to selected senior executives of the Company. Details of options granted are disclosed in the Company's financial statements, and details of the OCBC Scheme are set out in OCBC Bank's Annual Report.

### ACCOUNTABILITY

The Board is responsible for providing to its shareholder (GEH) a balanced and understandable assessment of the performance, position and prospects of the Company, including periodic financial statements and other reports.

To keep Board members informed and updated, Management provides the Board with monthly financial updates on the performance and position of the Company. The Board is also updated on any significant events that have occurred or affected the industry during the year.

## **AUDIT COMMITTEE**

The Audit Committee at the date of this report comprises three Directors who are all non-executive Directors, being Mr Gerard Ee Hock Kim (Chairman), Mr Koh Poh Tiong and Mr Tan Yam Pin. Members of the Audit Committee are appropriately qualified to discharge their responsibilities. In particular, Mr Gerard Ee Hock Kim and Mr Tan Yam Pin have relevant accounting and auditing experience and all Audit Committee members have financial management knowledge and experience.

As the Company's present Audit Committee comprises three Board members who are independent from management and business relationships with the Company and a majority of the members (including the Chairman of the Audit Committee) are independent directors (under the ICGR), the composition of the Company's present Audit Committee is in compliance with the ICGR.

The Audit Committee members keep abreast of relevant changes through regular updates from the external auditor, on changes to accounting standards and issues which have a direct impact on the financial statements. The Audit Committee carries out functions prescribed in Section 201B(5) of the Companies Act, Chapter 50, the ICGR and in the Guidelines, and operates within Board-approved written terms of reference which set out the Audit Committee's authority and duties.

The Audit Committee has explicit authority to investigate any matter within its terms of reference and has the full co-operation of and access to Management. The Audit Committee has full discretion to invite any Director or senior management executive to attend its meetings. It has resources to enable it to discharge its functions properly.

The Audit Committee held a total of four meetings in 2012, and its members' attendance at these meetings is disclosed in this Report. The Audit Committee meetings were attended by the internal and external auditors, the Group CEO and certain senior management executives including the Group Chief Financial Officer.

The functions performed by the Audit Committee and details of the Audit Committee's activities during the FY2012 included the following:

- (1) Reviewed with the internal auditor –
  - 1.1 their audit plans, their evaluation of the system of internal controls and their audit reports;
  - 1.2 the scope and results of the internal audit procedures; and
  - 1.3 the assistance given by the officers of the Company to the auditors.
  
- (2) Reviewed with the external auditor –
  - 2.1 the audited financial statements of the Company for the financial year for submission to the Board for consideration and approval thereafter;
  - 2.2 their scope and overall audit procedures and cost effectiveness, and their independence and objectivity taking into consideration factors including the nature and extent of non-audit services provided by them;
  - 2.3 the implications and impact on the financial statements of proposed implementation of new financial reporting standards and any changes in accounting policies and regulatory requirements; and
  - 2.4 any significant financial reporting issues, to ensure the integrity of the financial

statements of the Company.

- (3) Reviewed the findings of the internal and external auditors on their reviews of the adequacy and effectiveness of the internal controls of the Company and its principal subsidiaries, including internal financial controls, operational and compliance and information technology controls and systems established by Management.
- (4) Reviewed the effectiveness of the internal audit functions of the Company and its principal subsidiaries.
- (5) Performed the annual review of the independence of the external auditor.
- (6) Made recommendations to the Board on the re-appointment of the external auditor and approved the remuneration and terms of engagement of the external auditor.

The Company has also instituted a whistle-blowing policy whereby staff of the Company may raise concerns about possible improprieties in matters of financial reporting or other matters in confidence. Concerns expressed anonymously will be considered and investigated on the basis of their merits. The Audit Committee ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

The Audit Committee, in performing its functions, met at least annually in 2012 with the internal and external auditors in separate sessions without the presence of Management, to consider any matters which may be raised privately. The auditors, both internal and external, have unrestricted access to the Audit Committee.

## **INTERNAL CONTROLS**

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by Management and the various Board Committees, the Board, with the concurrence of the Audit Committee and the Risk and Investment Committee, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls and risk management systems, were adequate as at 31 December 2012 to address the risks which the Company considers relevant and material to its operations.

The system of internal controls provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

## **INTERNAL AUDIT**

The internal audit function ("Group Audit") serves to provide the Board and Management with an independent appraisal of the reliability, adequacy and effectiveness of the internal controls established by Management, to ensure that transactions are promptly and accurately recorded and that the Company's assets are safeguarded. Group Audit resides in-house and is independent of the activities it audits. Its terms of reference are approved by the Audit Committee. The Head of Group Audit reports primarily to the Chairman of the Audit Committee, and administratively to the Group CEO. His annual remuneration, appointment and

removal is approved by the Audit Committee.

Group Audit is staffed by executives with the relevant qualifications and experience, and the Audit Committee ensures that Group Audit is adequately resourced. Group Audit has unfettered access to the Board, the Audit Committee and senior management, where necessary, and has the right to seek information and explanations. Group Audit meets or exceeds the Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

During the year, the Group Audit Department carried out audits on selected significant business units in the Company, including an audit review of the IT systems. Group Audit's summary of major findings and recommendations and Management's related responses were discussed at the Audit Committee meetings. The Audit Committee ensures that procedures are in place to follow up on the recommendations by the Group Audit in a timely manner and to closely monitor any outstanding issues. The Audit Committee also reviews annually the adequacy and effectiveness of the internal audit function.

## **COMMUNICATION WITH SHAREHOLDERS**

The Company recognises that regular, effective, timely and fair communication with its shareholder (GEH) is essential to enable the shareholder to make informed decisions about the Company. The Company ensures that timely and adequate disclosures of material information on the Company are made available to its shareholder, including periodic financial results with balanced and comprehensive assessments of the performance and position of the Company.

For the Company's AGM, separate resolutions are set out on distinct issues, such as the proposed re-appointment or re-election of Directors, proposed Directors' fees and recommendation of final dividend. The Company does not "bundle" resolutions, unless the resolutions are interdependent and linked so as to form one significant proposal.

## **EXECUTIVE COMMITTEE**

In view of its Board size of six Directors, the Company currently does not have an executive committee.

## **RISK MANAGEMENT**

### **RISK AND INVESTMENT COMMITTEE AND RISK MANAGEMENT**

The Risk and Investment Committee at the date of this report comprises three Directors, Mrs Fang Ai Lian (Chairman), Mr Christopher Wei and Mr Quah Wee Ghee, who joined the Risk and Investment Committee on 1 March 2012. Except for Mr Christopher Wei, the Group CEO, the other two members are non-executive Directors and all members have the relevant technical financial sophistication in risk disciplines or business experience to enable them to discharge their duties effectively.

The Risk and Investment Committee is responsible for the oversight of market, credit, liquidity, insurance, operational, regulatory, compliance and any other category of risks as may be delegated by the Board or as deemed necessary by the Company. It reviews the overall risk management philosophy, being the risk profile, risk tolerance level and risk and capital management strategy, guided by the overall corporate strategy and risk appetite as approved by the Board. The Risk and Investment Committee also assists the Board in monitoring the effectiveness and adequacy of the risk management processes and systems set up by the Company.

The Risk and Investment Committee performs its functions pursuant to its Board-approved terms of reference. Such terms of reference include the overview and periodic review of policies on asset-liability and investment management, overview on enterprise risk management, major risk management initiatives and approval of significant investment, property and other financial transactions that exceed the authorisation limits of the Management Committees that the Risk and Investment Committee oversees. Investment-related activities and transactions of material consequence are reviewed and approved by the Risk and Investment Committee and reported to the Board for information or for endorsement or approval, as applicable.

The Risk and Investment Committee also endorses the appointment and annual appraisal of the Head, Group Risk Management, who reports directly to the Risk and Investment Committee and the Group CEO. The Head, Group Risk Management is responsible for managing the Group's risk management systems and establishing processes to identify, measure, monitor, control and report risks. The Group Risk Management Department has adequate resources and is staffed by experienced and qualified employees who are sufficiently independent to perform their duties objectively. The Group Risk Management Department regularly engages senior management to develop enterprise-wide risk controls and risk mitigation procedures.

The Risk and Investment Committee held a total of six meetings in 2012.

The Company's enterprise risk governance, risk management objectives and policies and other pertinent details are disclosed in the notes to the financial statements.

#### **INVESTMENT ADVISORY COMMITTEE**

The Investment Advisory Committee was established by the Board on 2 May 2012 to discuss and advise on investment matters on an ongoing basis with Management. The Investment and Advisory Committee, at the date of this report, comprises Mr Quah Wee Ghee (the Chairman) and Mr Christopher Wei.

The Investment Advisory Committee held a total of four meetings in 2012.

#### **RELATED PARTY TRANSACTIONS**

The Company has implemented policies and procedures on related party transactions covering the definitions of relatedness, limits applied, terms of transactions, and the authorities and procedures for approving and monitoring the transactions. All related party transactions are conducted on reasonable commercial terms and in the ordinary course of business. The Audit Committee reviews and keeps the Board informed of material related party transactions

#### **CODE OF CONDUCT**

The Directors and Management are committed to promoting and maintaining values which emphasize integrity, honesty and proper conduct at all times in the business operations and dealings of the Company. The Company has adopted a Code of Conduct which sets out the guiding principles and minimum standards expected of its employees such as the highest standards of ethical conduct and professional integrity. The Code of Conduct also provides guidance on areas such as responsible stewardship of the Company's resources, the Company's position against fraudulent conduct, conflicts of interests and the appropriate disclosures to be made, and maintaining confidentiality of information. The Code of Conduct is available on the Company's staff intranet.

As at 31 March 2013

# THE GREAT EASTERN LIFE ASSURANCE COMPANY LIMITED

(Incorporated in Singapore)  
(Company Registration No. 190800011G)

## BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

### BOARD OF DIRECTORS

Fang Ai Lian (Mrs), Chairman  
Christopher Wei, Group CEO  
Gerard Ee Hock Kim  
Koh Poh Tiong  
Quah Wee Ghee  
Tan Yam Pin

### CEO (SINGAPORE) AND PRINCIPAL OFFICER

Khoo Kah Siang

### APPOINTED ACTUARY

Cheung Kwok Kei

### COMPANY SECRETARY

Jennifer Wong Pakshong

### AUDIT COMMITTEE

Gerard Ee Hock Kim, Chairman  
Koh Poh Tiong  
Tan Yam Pin

### REGISTERED OFFICE

The Great Eastern Life Assurance Company Limited

### RISK AND INVESTMENT COMMITTEE

Fang Ai Lian (Mrs), Chairman  
Quah Wee Ghee  
Christopher Wei

1 Pickering Street #16-01

Great Eastern Centre

Singapore 048659

Telephone : 6248 2000

Facsimile : 6438 3889

Website: [greateasternlife.com](http://greateasternlife.com)

Email: [wecare-sg@greateasternlife.com](mailto:wecare-sg@greateasternlife.com)

### INVESTMENT ADVISORY COMMITTEE

Quah Wee Ghee, Chairman  
Christopher Wei

### AUDITOR

Ernst & Young LLP

One Raffles Quay

North Tower, Level 18

Singapore 048583

Partner In Charge:

Shekaran Krishnan

(for financial years 2008 to 2012)

Mak Keat Meng

(since financial year 2013)

As at 31 March 2013

## **BOARD OF DIRECTORS**

### **FANG AI LIAN**

#### ***Chairman***

Mrs Fang was first appointed Chairman of the Board of The Great Eastern Life Assurance Company Limited (the "Company") on 15 April 2008 and was last re-elected as the Company's Director on 14 April 2011. She was appointed Chairman of Great Eastern Holdings Limited ("GEH") and The Overseas Assurance Corporation Limited ("OAC") on 15 April 2008, Great Eastern Life Assurance (Malaysia) Berhad ("GELM") and Overseas Assurance Corporation (Malaysia) Berhad ("OACM") on 3 June 2008. She also serves as a Director in several companies, including Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Banyan Tree Holdings Limited, Singapore Telecommunications Limited, Metro Holdings Limited and MediaCorp Pte Ltd. She is the Chairman of the Singapore Business Federation's Board of Trustees and a Member of the Singapore University of Technology and Design's Board of Trustees. She was previously a Board member of Public Utilities Board (until 1 April 2009), International Enterprise Singapore (until 1 January 2010) and on the Governing Board of Duke-NUS Graduate Medical School of Singapore (until 1 January 2012). Mrs Fang was formerly Chairman of Ernst & Young, from which she retired after a 34-year career.

Mrs Fang is a Fellow of the Institute of Chartered Accountants in England and Wales and the Institute of Certified Public Accountants of Singapore and a Member of the Malaysian Institute of Certified Public Accountants.

### **CHRISTOPHER WEI**

#### ***Group Chief Executive Officer***

Mr Wei was appointed to the Company's Board on 10 February 2011 upon his appointment as the Group Chief Executive Officer of the Company, GEH and OAC with effect from 10 February 2011 and was last re-elected as the Company's Director on 14 April 2011. He is a Director of GEH, OAC, GELM, OACM, Great Eastern Financial Advisers Private Limited and Deputy Chairman of Lion Global Investors Limited. Mr Wei is also a Director of Singapore Reinsurance Corporation Ltd.

Since joining the Company, Mr Wei has set new strategic directions for the Great Eastern Group and refreshed the Company's customer value proposition and brand ambition to be a LIFE company. He is a staunch champion of Great Eastern's Live Great Programme which helps customers live a healthy lifestyle and has been instrumental in spearheading the Company's foray into the social media space. In addition, Mr Wei is committed to sustaining Great Eastern's track record in building the most trusted and professional advisory capability, and maximising the revenue and operational synergies with its parent, OCBC Bank.

Among his varied experience in the industry, Mr Wei was the Executive Vice President and Group Chief Marketing Officer of American International Assurance Company Limited. He also held the position of Chief Executive Officer at AIG United Guaranty Insurance (Asia) Limited in Hong Kong. His previous experience in the insurance industry included working at ING Canada Inc. and Allstate Insurance Company of Canada where he held various positions including Chief Risk Officer. Aside from risk management, Mr Wei also led the development of strategic planning, customer segmentation and data analytics capabilities for the companies he worked in.

Mr Wei graduated with a Bachelor of Science (Hons) from the University of Toronto in 1991 where he completed a specialist programme in actuarial science. He is an associate of the Casualty Actuarial Society and a member of the American Academy of Actuaries.

### **GERARD EE HOCK KIM**

Mr Ee was appointed to the Board of the Company on 15 April 2008 and was last re-elected as the Company's Director on 18 April 2012. He is the Chairman of Public Transport Council, Council for the Third Age and St Joseph's Institution. He is also a Director of National Kidney Foundation, Singapore Health Services Pte Ltd, Changi General Hospital Pte Ltd, EDB Investments Pte Ltd, Caring Fleet Services Limited, Lien Foundation, MOH Holdings Pte Ltd, Financial Industry Disputes Resolution Centre Limited, Singapore Institute of Management Pte Ltd, Symasia Foundation Limited, Canossa Ltd and Eastern Health Alliance Pte Ltd. He was a

practicing accountant from 1976 until he retired as an audit partner of Ernst & Young on 30 June 2005. He was previously the Chairman of Tiger Airways Holdings Limited and Medifund Advisory Council and a Director of SAA Global Education Centre Pte Ltd (until September 2011) and The Straits Trading Company Limited (until May 2009).

Mr Ee is a Fellow of the Institute of Certified Public Accountants of Singapore.

### **KOH POH TIONG**

Mr Koh was appointed to the Board of the Company on 15 April 2008 and was last re-elected as the Company's Director on 18 April 2012. He is Chairman of National Kidney Foundation and Singapore Kindness Movement and Chairman and Senior Advisor of Ezra Holdings Ltd. He is also a Director of PSA International Pte Ltd, PSA Corporation Ltd, Raffles Medical Group Ltd, SATS Ltd, United Engineers Ltd and Petra Foods Ltd. He was previously the Chief Executive Officer, Food and Beverage of Fraser and Neave, Limited until his retirement on 30 September 2011. He also held the position of Chief Executive Officer of Asia Pacific Breweries Limited ("APB") from October 1993 to September 2008. He was previously a Director of Fraser & Neave Holdings Bhd (until 30 September 2011), APB (until 30 September 2011) and a Member of the Board of Commissioners of PT Multi Bintang Indonesia Tbk (until 30 September 2011). From April 2000 to March 2008, he was Chairman of the Agri-Food & Veterinary Authority (AVA); and a member of the APEC Business Advisory Council representing Singapore from January 1999 to August 2001. His previous directorships include the Media Corporation of Singapore Pte Ltd, Television Corporation of Singapore Pte Ltd, National Healthcare Group Pte Ltd, Wildlife Reserves Singapore Pte Ltd and Jurong BirdPark Pte Ltd.

For his contributions to AVA, he was bestowed the Public Service Medal at the National Day Awards 2007. He also received the Service to Education Award from the Ministry of Education in 2007 and the 1998 DHL/The Business Times Outstanding CEO of the Year Award.

Mr Koh holds a Bachelor of Science from University of Singapore.

### **QUAH WEE GHEE**

Mr Quah was first appointed to the Board of the Company on 1 March 2012 and last re-elected as the Company's Director on 18 April 2012. Mr Quah is an Advisor to the Government of Singapore Investment Corporation Pte Ltd's Executive Committee and Chairman of its India and Natural Resources Business Groups. He is a Director of OCBC Bank, Singapore Exchange Ltd, GIC Asset Management Pte Ltd, EDBI Pte Ltd and SLF Strategic Advisers Pte Ltd. He is a Member of the Ministry of Health Holdings Pte Ltd's Investment Committee, and Board of Trustees of Singapore University of Technology and Design. He was previously Managing Director and President of GIC Asset Management Pte Ltd (until 2011).

Mr Quah holds a Bachelor of Engineering (Civil Engineering) from the National University of Singapore, is a Chartered Financial Analyst, and Alumni Member of the Stanford Graduate Business School.

### **TAN YAM PIN**

Mr Tan was first appointed to the Board of the Company on 7 January 2005 and last re-elected as the Company's Director on 18 April 2012. Mr Tan is Director of GEH and OAC. Mr Tan is also a Director of Singapore Post Limited, Keppel Land Limited, Blue Scope Steel Limited (Australia) and Leighton Asia Limited (Hong Kong). He has been a Member of the Singapore Public Service Commission since 1990. He was previously a non-executive Chairman of Singapore Food Industries Limited (until April 2009), Chairman of Power Seraya Limited (until early March 2009) and a Director of Certis Cisco Security Private Limited (until 1 January 2009).

Mr Tan holds a Bachelor of Arts (Hons) from the University of Singapore and a Master of Business Administration from the University of British Columbia, Canada. He is a Fellow of the Canadian Institute of Chartered Accountants, Canada.